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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

FCC 93-177

Implementation of Sections of
the Cable Television Consumer
Protection and Competition Act

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MM Docket No. 93-066

- The National Association of Towns and Townships (NATAT) supported Michigan C-TEC Communities on the 30% issue in its July 16 response in this docket. See National Association of Towns and Townships' Response to Michigan C-TEC Communities' Petition for Reconsideration. Approximately 13,000 units of government are members of NATAT.
- The preceding groups include all the U.S. national general-purpose municipal organizations and all the municipal groups filing petitions for reconsideration.
- Counsel for Michigan C-TEC Communities has received the attached letter from the Michigan Townships Association confirming that the 30% issue is a significant issue for at least half of Michigan's 1,252 townships as well as for towns and townships nationally. See July 28 letter from John H. LaRose, Executive Director, Michigan Townships Association and President, National Association of Towns and Townships, attached.

The only fair reading of the preceding comments from responsible municipal groups is that this is a major issue which will determine whether many thousands of municipalities nationwide will be able to regulate cable rates and thus whether many millions of subscribers will have unreasonably high cable rates brought under control.

Calculations: C-TEC submitted calculations for the eight (8) Michigan C-TEC Communities filing the Petition for Reconsideration showing that all eight can regulate rates under either means of computing the 30% test--homes passed or total homes in the community. The communities appreciate knowing this. But as they said in their original Petition for Reconsideration, they raised issues that apply not just to themselves, but "to many other communities that have not had time to examine this Commission's May 3 order." Petition at 3.

C-TEC has said it has franchises in around 478 communities in Michigan (apparently including C-TEC's Mercom subsidiary). Where are the comparable 30% calculations for the other 470 communities where C-TEC serves in Michigan?

The calculations presented to this Commission by C-TEC in its opposition are misleading because they are for eight of the larger, more densely populated communities served by C-TEC (who in part due to these demographics are more active on cable matters). Specifically, C-TEC's calculations show the eight communities have a total of 12,758 subscribers, or an average of about 1600 per community. By comparison, dividing C-TEC's 140,000 Michigan subscribers by 478 shows that the average community served by C-TEC has only 293 subscribers. The ones below the average are highly likely to be the ones affected by the issue of how the 30% calculation is made. The sample on which the calculations are based is thus misleading.

The eight communities for whom C-TEC provided calculations represent around 1.7% of the 478 communities served. Michigan C-TEC Communities know what the data for the other 98.3% will show -- that a large number of the 470 fail the 30% test if it is computed based upon total homes in the community. The reasons the communities know this are both general and specific:

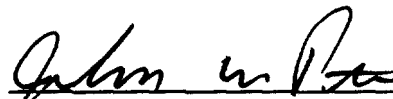
- Knowledge of the communities served by C-TEC, where many are rural communities only a small fraction (less than 30%) of whose area or

- Subscriber count data (broken down by community served) supplied by C-TEC on some of its Michigan systems in franchise renewal negotiations which shows that many of the 470 will fail the 30% test unless it is computed based on "homes passed."

Penetration: Contrary to C-TEC's opposition, C-TEC is not always adequately serving less populated areas. In joint franchise renegotiations currently underway with C-TEC, some communities (such as Allendale Township) expressly pointed out that C-TEC is not complying with current franchise requirements that it provide service in areas where there are 15 homes per mile, even though C-TEC knowingly assumed these franchise obligations from the prior operator. See attached letter from Roger Rycenga, Supervisor of Allendale Township. And in these negotiations, C-TEC is strongly opposing the Communities' request to continue the 15 homes per mile requirement (which some other operators have agreed to) for extending service.

Respectfully submitted,

Date: July 30, 1993



John W. Pestle
Attorneys for Michigan C-TEC Communities
VARNUM, RIDDERING, SCHMIDT & HOWLETT
P.O. Box 352
Grand Rapids, Michigan 49501-0352
(616) 336-6000



MICHIGAN TOWNSHIPS ASSOCIATION

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Gene Thornton, *Director of Legislative Affairs*
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Evelyn M. David, *Membership Information Officer*

July 29, 1993

John W. Pestle, Esq.
Varnum, Riddering, Schmidt & Howlett
P.O. Box 352
Grand Rapids, MI 49501-0352

Dear Mr. Pestle:

We understand that the FCC is considering whether the so-called 30% test for determining whether cable rates can be regulated in a community is based upon 30% of the homes in the entire community or instead on 30% of the homes in the area served by the cable company.

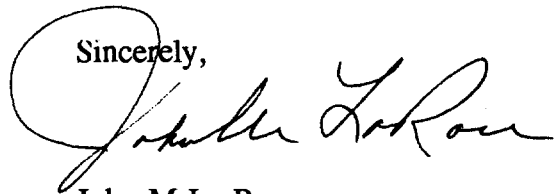
On behalf of the Michigan Townships Association which represents 1,242 townships in Michigan, I want to stress the importance of this issue in order that it be communicated to the FCC in an appropriate fashion.

Many of our member townships are large, sparsely populated somewhat rural areas. These townships often have only relatively small areas with sufficient density of population that they are currently served by cable company. Often these higher density areas are on the fringe of more populated area such as a city, reflecting the growth in population out from the city.

John W. Pestle, Esq.
July 29, 1993
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I also want to stress that this issue is not unique to Michigan. I am currently the President of the National Association of Towns and Townships (NATaT). I know that on behalf of its 13,000 member communities nationwide, NATaT made a filing with the FCC indicating that this 30% issue is a serious problem nationwide.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. La Rose". The signature is fluid and cursive, with a large initial "J" and "L".

John M. La Rose
Executive Director

JMLaR:mh



ALLENDALE CHARTER TOWNSHIP

6676 Lake Michigan Drive
Allendale, Michigan 49401
(616) 895-6295

July 28, 1993

Mr. John Pestle, Attorney
Varnum, Riddering, Schmidt & Howlett
P.O. Box 352
Grand Rapids, Michigan 49501-0352

Dear John:

We have contacted C-Tec Cable Systems several years ago about servicing the areas that comply with the density factor of 15 homes per mile. However, to this date they have not done so.

It bothers me John, that in our franchise renewal negotiations they are taking such a strong stand in refusing to allow the density factor of 15 homes per mile in the new franchise agreement.

Allendale Telephone Company has fiber optic cable around our Township and is willing and able to serve us with Cable T.V. However, at this time, the FCC will not allow them to do this.

Maybe in your discussions with the FCC, you can convince them that we are tired of begging for cable service and allow the telephone companies to serve municipalities of 10,000 population or less.

Thank you for your assistance in this matter.

Sincerely,

Roger Rycenga
Supervisor

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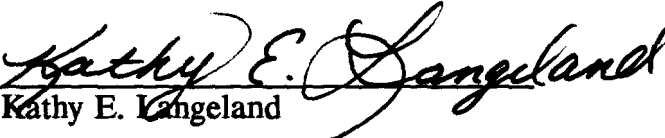
RR/ch

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply of Michigan C-TEC Communities was mailed, by first-class mail postage prepaid, this 30th day of July, 1993 to:

Gardner F. Gillespie
Jacqueline P. Cleary
Hogan & Hartson
555 - 13th Street, N.W.
Washington, DC 20004

Counsel for C-TEC Cable Systems


Kathy E. Langeland